

CREATING TOMORROW TOGETHER ETHICALLY.

Wates

OUR MODERN SLAVERY STATEMENT
(YEAR ENDING 31 DEC 2022)



A MESSAGE FROM OUR CEO.

Our Modern Slavery Statement demonstrates our dedication to continuously improving our approach to modern slavery prevention and to implementing, developing and enforcing effective systems and controls.

We are proud of the ethical standards embedded in our business, which are supported by our Code of Conduct and by our Guiding Framework. Our Guiding Framework defines the purpose that motivates us, the goals that we are working to achieve, and the behaviours that we expect of ourselves and of each other.

We will continue to work with our supply chains to ensure that those with whom we engage are as committed to modern slavery prevention as we are, and we will continue to collaborate with others in the sector to tackle this terrible crime.



EOGHAN O'LIONAIRD
CHIEF EXECUTIVE



“
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OUR STRUCTURE, BUSINESS AND SUPPLY CHAIN.

The Wates Group was established in 1897 and is a leading privately-owned development, building and property services company in the UK.

OUR STRUCTURE AND BUSINESS

Our businesses are UK based¹, with our Head Office in Leatherhead.

WATES CONSTRUCTION GROUP

comprises two operating businesses: Construction and Integrated Construction Services. Our construction business is a Tier 1 building contractor working with a large range of public and private sector customers across the UK. We are a partner on 70% of the country's leading central and local government procurement frameworks, delivering works for the Ministry of Justice, Department for Education and the Department of Health among others. Our Integrated Construction Services business incorporates a number of specialist engineering and construction businesses, including SES Engineering Services and Prism, our offsite manufacturing facility, and promotes the adoption of optimised construction and innovative technologies to help deliver better and more sustainable solutions for our customers.

WATES DEVELOPMENTS GROUP

includes three complementary businesses: Developments, Partnerships, and Development Agency Services, and in 2022 our flexible workspace brand, Needspace, was incorporated into the division, adding commercial property capability and experience. The Developments business maintains a portfolio of sites with potential for residential development, and delivers consented land and new homes across the south of England, on greenfield and brownfield land. Through our Partnerships business we offer tailored development solutions through land and build packages for our customers, with a focus on affordable housing, build-to-rent and student housing, in and around London and in major regional centres. Our Development Agency Services business offers a 'one stop shop' of development services, including market research, project design, marketing and sales.

WATES RESIDENTIAL is one of the leading housing developers and contractors in London, the South of England and Wales, delivering mixed tenure housing schemes in partnership with local authorities. We work with our partners to address the country's urgent need for new housing, and we're driven by the belief that everyone deserves a great place to live. The regeneration schemes that we deliver are about much more than bricks and mortar. We focus on building sustainable communities that put local needs first, employ local contractors and create local training and employment opportunities.

WATES PROPERTY SERVICES

comprises three specialist businesses, covering social housing maintenance, facilities management, and fit out and refurbishment. In 2022 we maintained over 500,000 homes in social housing, supporting 65 local authorities and housing associations. Our Wates Retrofit offer, launched in 2022, is already a market-leading provider of zero carbon retrofitting services for social housing, and we are a specialist in fire safety compliance. Our facilities management business provides self-delivered mechanical, electrical and 'total FM' services to public and private sector customers, with a focus on improving the carbon and energy usage of non-domestic buildings through cutting-edge technology. Our fit-out business delivers high-quality commercial, office, secure facility and industrial fit-out and refurbishment services for a range of customers in both the public and private sectors.

You can find out more information on the services that we offer to our clients and partners in our latest Annual Reports and Accounts.

OUR SUPPLY CHAIN

We employ a 3,800 strong workforce and we collaborate with sub-contractor operatives and temporary workers on a daily basis. We engage around 600-900 temporary workers in our business at any one time, consisting of both blue-collar and white-collar workers. Our supply chain is complex, made up of sub-contractors, consultants, materials suppliers, distributors, labour agencies and professional services suppliers.

Wates is a signatory to the Prompt Payment Code, which aims to transform the payment landscape, especially for complex supply chains involving small businesses, by promoting a culture of best practice and prompt payment.

¹Save for limited historic operations in Abu Dhabi.

OUR ACHIEVEMENTS IN BRIEF.



In relation to our Modern Slavery 2022 KPI's:

We conducted **two unannounced on-site labour practice audits** on selected worksites and worked closely with the supply chain on any feedback from those audits.

We **engaged with our suppliers** to cascade information about modern slavery and to share best practice, incorporating a number of market guidelines, including those from the Supply Chain Sustainability School.

We explored further participation in **collective action initiatives** combating modern slavery.



Our **Code of Conduct**, including those sections that relate to modern slavery, was updated and refreshed.

We issued a **“Living Our Ethical Behaviours” survey** to assess our ethical culture and the extent to which our anti-slavery and human trafficking policies were embedded within our business.



We commenced a detailed **review of our due diligence procedures** with a plan to introduce a new layer of comprehensive due diligence screening to our supply chain in 2023.

We relaunched our on-site **modern slavery awareness posters** in a number of **different languages** to reflect the mix of the key languages that are spoken by our supply chain.



OUR POLICIES.

We have robust internal policies in relation to Modern Slavery that we are committed to following.

We comply with a wide-ranging suite of policies that are signed off by our Chief Executive Officer and reviewed on an annual basis. These policies are available to all staff by way of our internal Intranet and are published on our website. Our key modern slavery policies include our:

- Code of Conduct;
- Anti-Slavery and Human Trafficking Standard;
- Anti-Slavery and Human Trafficking Policy;
- People Policy;
- Safeguarding Policy.

Compliance with our Code of Conduct, Anti-Slavery and Human Trafficking Policy and Anti-Slavery and Human Trafficking Standard is required from our supply chain members and is included within our contracts.

CODE OF CONDUCT

Our newly-revised Code of Conduct reflects our commitment to eliminating human trafficking, slavery, servitude and forced or compulsory labour within our business, defining the standards that we expect from our employees, temporary staff and supply chain partners.

ANTI-SLAVERY AND HUMAN TRAFFICKING POLICY

Our Anti-Slavery and Human Trafficking Policy sets out our zero-tolerance approach to modern slavery in our business and in our supply chains, and reinforces our long-standing commitment to:

- Act ethically and with integrity in all our business dealings and relationships;
- Implement and enforce effective systems and controls to ensure that modern slavery is not taking place within our own business or in our supply chains;
- Ensure that there is transparency in our business and in our approach to tackling modern slavery;
- Encourage openness and provide support to anyone who raises a concern relating to modern slavery, even if they turn out to be mistaken.

ANTI-SLAVERY AND HUMAN TRAFFICKING STANDARD

In conjunction with our Code of Conduct and Anti-Slavery and Human Trafficking Policy, our Anti-Slavery and Human Trafficking Standard sets out the minimum labour standards that we require from all members of our supply chain, including obligations to:

- Comply with the Modern Slavery Act 2015;
- Ensure that all workers are treated fairly and equally;
- Ensure that all workers have freedom of movement, including the freedom to terminate their employment at any time without penalty, given reasonable notice;
- Ensure that their employees have written employment contracts in place specifying their employment conditions, rights and responsibilities, including wages and hours;
- Ensure that their workers are not charged any fees or costs for their recruitment; and
- Report any suspected Modern Slavery Act 2015 breaches.

ADDITIONAL RESOURCES

In addition, we have a range of internal company rules, procedures, and professional standards that we are committed to following:

- On joining the business, all employees and temporary staff complete an induction programme, including training on modern slavery. Our training consists of modern slavery e-learning, induction materials and Modern Slavery Toolbox Talks;
- We review our suppliers in accordance with a defined process, including Constructionline accreditation, conducting due diligence and assessing IR35 status; and
- Our Critical Concerns Response Plan ensures that all suspected instances of modern slavery are escalated immediately to our Ethics and Regulatory Compliance team to be dealt with in an appropriate way.

RISK ASSESSMENT, PREVENTION AND MITIGATION.

We understand our risks
and we make sure that
we have appropriate
systems in place.

The **ILO Global Estimates of Modern Slavery: Forced Labour and Forced Marriage** places the construction industry within the top 5 sectors for forced labour.

In recognising this risk, we have developed our annual risk assessment programme to identify the key activities that increase the risk of modern slavery occurring within our business. We identify specific risks and then score and evaluate those risks in accordance with a defined methodology in order to provide appropriate and realistic recommendations.

Our risk assessment process involves reviewing internal policies and procedures, consulting government guidance and reports (such as the US Department’s Bureau of International Affairs’ “Lists of Goods Produced by Child Labor or Forced Labor”), conducting internal interviews and incorporating insight from our Ethics and Regulatory Compliance team. This risk assessment is signed off by the Group Board on an annual basis.

As part of our public sector work, we also complete a Modern Slavery Assessment Tool, which provides a further opportunity for us to identify and manage our modern slavery risks.

The key potential risks identified from the risk assessment include the following:

Use of labour agencies	A potential risk of direct worker exploitation
Subcontractors	A potential risk of worker checks not being fully completed. The complexity of the supply chain, with multiple tiers, provides a challenge in respect of oversight at a central level.
Materials procurement	A potential risk of indirect material procurement. Procurement via sub-contractors provides a challenge in respect of oversight at a central level. Client-mandated procurement can limit control over procurement.

DUE DILIGENCE.

We care about how we do business and who we do business with.

We adopt a **risk-based due diligence approach** in respect of our supply chain. We have mandated, where appropriate, that our suppliers be registered with the Constructionline validation system

Our **Preferred Supply Chain Programme**, which accounts for approximately 70% - 80% of our procurement, allows us a more detailed assessment of our core suppliers' modern slavery risk. We also have a dedicated procurement and supply chain management team that regularly engages with our supply chain partners by way of briefings, updates and on-site visits. Our regional teams play an important role in supporting our modern slavery compliance, engaging with our suppliers and conducting factory visits to see how key products are being made.

We have also worked with the **Supply Chain Sustainability School** to produce a Supply Chain Heatmap of products and services to identify potential risks and opportunities.

We carry out **right to work checks** on our workforce in line with our legal obligations, and we require our sub-contractors and our temporary work agencies to do the same.

In 2022 we started a project to further enhance our due diligence programme with a plan to introduce a **new layer of comprehensive due diligence** screening to our supply chain in 2023.

EFFECTIVENESS

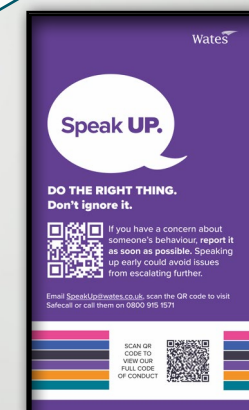
Our compliance isn't about ticking boxes. It's about engaging in an effective way.

Our Modern Slavery Working Group is led by our Ethics and Regulatory Compliance team and includes representatives from across the business. The Working Group's scope includes:

- Leading and driving our modern slavery measures;
- Ensuring that our employees are alive to the risks of modern slavery;
- Continuously assessing our modern slavery risks;
- Supporting the business with any remediation actions;
- Monitoring our performance against our KPI's.

We conducted Ethical Site Audits using a third-party provider auditor and worked closely with our supply chain on any feedback.

Our **“Speak Up”** whistleblowing programme allows our employees and any third parties the opportunity to raise concerns anonymously and confidentially. This can be done via phone, email or webform. In 2022 we enhanced this programme by introducing a new **“Critical Concerns”** process, which governs how concerns relating to modern slavery should be handled to ensure that issues are dealt with in an appropriate way, that reporters are protected from retaliation, and that consideration is given to how victims should be supported. We communicate details about our Speak Up programme through posters on site, within our Code of Conduct and Intranet, and through regular compliance communications.



TRAINING AND AWARENESS.

Our People are our strongest weapon in the fight against modern slavery, so we make sure that they know what modern slavery is and what to do if they spot it.

We train our employees on modern slavery when they join our business and we also train anyone who arrives on our sites, whether that's the employees of our sub-contractors or temporary workers. Our training completion rate for eligible employees is 96%. We reinforce this message with regular communications, and we recognise Anti-Slavery Day on an annual basis with a reminder of the signs of modern slavery.

In 2022 we engaged with our suppliers via our supply chain meetings to cascade information about modern slavery and to share best practice from the Supply Chain Sustainability School. We also worked with one of our clients and the GLAA to conduct a presentation on the importance of modern slavery compliance and to share ideas from our programme.

At the end of 2022 we introduced an updated and refreshed Code of Conduct. The Code includes a section on Ethical Procurement and on modern slavery prevention. Our Code was supported by a new Toolkit, giving all of our employees quick access to more detailed information about the signs of modern slavery, about how to ensure that they are procuring ethically, and about what to do if they want to raise concerns.

To test the awareness of our modern slavery policies and procedures we launched our "Living our Ethical Behaviours" survey to assess our employees' understanding of the signs of modern slavery and of how they can report it.



ACTION PLAN FOR 2023.

KEY PERFORMANCE INDICATORS (KPI's)

We are proud of the work that we have done, but we know there is always further that we can go. We always look for a better way.

Our next steps in our plan to prevent modern slavery in 2023 are the following:



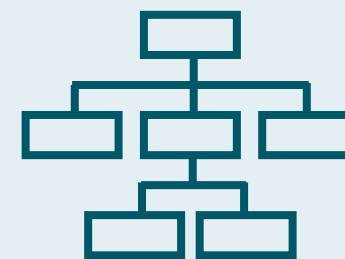
We will launch our **enhanced due diligence programme**, which will look to provide more detailed information on our suppliers.



We will commence a programme to enhance our **Supply Chain Mapping**. Collaborating across the business, we will look at how we can improve the way that we understand the risks in our supply chain.



We will continue to enhance our **whistleblowing programme** through our Whistleblowing Working Group. We will look at the options to report concerns in languages other than English.



We will ensure that consideration of modern slavery issues on site is **driven from the top down** by including modern slavery indicators in our visiting managers' reports during site visits.

SIGN-OFF.

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes the slavery and human trafficking statement for the Wates Group and its Group Companies, including the following Group companies that have a turnover in excess of £36 million:

Wates Construction Limited;

Wates Group Services Limited;

Wates Property Services Limited (formerly Living Space (Maintenance) Limited);

SES (Engineering Services) Limited; and

Wates Developments Limited.

This statement has the support of the Board of Directors of Wates Group Limited and was approved on 4 May 2023 for the financial year ending 31 December 2022.



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